

[REDACTED]  
[REDACTED]  
[REDACTED]  
JUNE 10, 1996

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code and have determined that you do not qualify for exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below:

The information submitted indicates that you were incorporated in the [REDACTED] on [REDACTED]. Your charter states that your purposes are for encouraging, improving and supporting the sports of pure-bred dogs.

The objectives of your club are to: "(a) to further the advancement of dog obedience training of all breeds of pure-bred dogs; (b) to conduct a variety of dog obedience training classes; (c) to encourage responsible dog ownership and dog owner education; (d) to do all in its power to protect and advance the interests of all breeds of pure-bred dogs and to encourage sportsman-like competition at dog shows and obedience trails; (e) to conduct dog obedience matches and show and go's to assist exhibitors in their preparation for organized obedience competitions."

Your membership is composed of dog owners who train as a hobby as well as people who train dogs for competition. Your most important ongoing activity is obedience training classes. You provide classes at several levels for club members and people in the community.

Income to your organization is from obedience classes, obedience training fees, club membership fees and entry fees from matches and shows. Expenditures are for the programs of the organization.

Section 501(c)(3) of the Internal Revenue Code provides for exemption from Federal income tax for organizations which are organized and operated exclusively for charitable, religious and educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.



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Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that in order to qualify for exemption under section 501(c)(3), an organization must be both organized and operated exclusively for one or more exempt purposes. Failure to meet either the organizational or operational test will disqualify an organization from exemption under section 501(c)(3).

Section 1.501(c)(3)-1(b)(1) of the Income Tax Regulations specifies that an organization is organized for one or more exempt purposes, if its Articles of Incorporation limit the purposes of such organization to exempt purposes.

Section 501(c)(3) of the Internal Revenue Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c)(3)-1(c)(3) of the Income Tax Regulations defines the term "educational" as relating to (a) the instruction or training of the individual for the purpose of improving or developing his capabilities, or (b) the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 71-421, published in Cumulative Bulletin 1971-2, page 229, denied reclassification under section 501(c)(3) to a dog club exempt under section 501(c)(7) of the Internal Revenue Code. The nature of obedience training provided by this club, required that the owner of the dog appear at the classes so that the dog would be trained to respond to his owner's commands. While the owner received some instruction on how to give commands to his dog, the dog was the primary object of the training. The dog was also the primary object of the subsequent training in sporting and show events. Therefore, the organization's training program for dogs was not within the meaning of education as defined in the regulations.

Our review of your application indicates that your Articles of Incorporation do not meet the organizational test required to be recognized as tax exempt under section 501(c)(3) since this document does not limit your purposes exclusively to one or more exempt purposes described in this section. In addition, you appear to be similar to the organization described in Revenue Ruling 71-421.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code. In accordance with this determination, you are required to file Federal income tax returns on Form 1120.

Contributions to your organization are not deductible by donors under section 170(c)(2) of the Internal Revenue Code.

In accordance with the provisions of section 6104(c) of the Code, a copy of this letter will be sent to the appropriate State official.



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If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this, you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office. If you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax information authorization with us.

If you don't appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination in this matter. Further, if you do not appeal this determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust administrative remedies. Section 7428(b)(2) of the Code provides, in part, that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Appeals submitted which do not contain all the documentation required by Publication 892 will be returned for completion.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,



Paul M. Harrington  
District Director

Enclosure: Publication 892

✓ cc: State Attorney General